

STATE PLAN UNDER TITLE XIX OF THE SOCIAL  
SECURITY ACT FOR THE STATE OF MAINE

Determination of Eligibility of Acute Care Hospitals for an Outlier Adjustments in Payment Amount for Medically Necessary Inpatient Hospital Services Provided on or after July 1, 1989 to individuals under One Year of Age Involving Exceptionally Long Lengths of Stay or Exceptionally High Costs.

The determination shall be made as follows:

a. Exceptionally Long Lengths of Stay

The statewide average Medicaid inpatient length of stay is calculated by dividing the sum of Medicaid days for all acute care hospitals by the sum of total discharges for all acute care hospitals in the State. The statewide standard deviation for Medicaid inpatient length of stay is computed. Five and one-half times the standard deviation for Medicaid inpatient length of stay is added to the statewide average Medicaid inpatient length of stay to derive the threshold for Medicaid's exceptionally long length of stay.

b. Exceptionally High Cost

For each hospital providing services on or after July 1, 1989 to individuals under one year of age, the Department will calculate the average cost per Medicaid inpatient discharge. The standard deviation for the cost per Medicaid inpatient discharge for each hospital will be computed. Five and one-half times the hospital's standard deviation for cost shall be added to the hospitals average cost per Medicaid inpatient discharge to derive the threshold for Medicaid's exceptionally high cost discharges.

c. Eligibility for an Outlier Adjustment in the Payment Amount

- 1) The Department will calculate the average Medicaid inpatient length of stay for each hospital providing service on or after July 1, 1989 to individuals under one year of age. If the hospital specific average Medicaid inpatient length of stay equals or exceeds the threshold defined in (a) above, then the hospitals shall be eligible for an outlier adjustment in the payment amount.
- 2) The Department will calculate the cost per Medicaid inpatient discharge for individuals under one year of age in each hospital providing services on or after July 1, 1989 to individuals under one year of age. If the hospital has a Medicaid inpatient discharge with a cost which equals or exceeds the threshold defined in (b) above, then the hospitals shall be eligible for an outlier payment amount.

d. Payment Adjustment

The payment adjustment to each hospital qualifying for an outlier payment will be equal to the hospital's specific per diem rate times the hospital-specific length of stay for individuals under one year of age.

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Supersedes

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Disproportionate Share Hospitals

Definition:

Effective on or after, 7/1/95, any hospital meeting the minimum criteria below will be defined as a disproportionate share hospital:

1. The hospital must (a) have a Medicaid inpatient utilization rate at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the state (as defined in Section 1923 of the Act), or (b) have a low-income inpatient utilization rate (as defined in Section 1923 of the Act) exceeding 25%, and
2. The hospital must have a minimum Medicaid utilization rate (based on inpatient days) of 1% as defined in Section 1923(b)(2).
3. The hospital must have at least two obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals entitled to such services under a State Medicaid plan. In the case of a hospital located in a rural area (that is, an area outside of a Metropolitan Statistical Area, as defined by the Executive Office of Management and Budget), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.
4. The obstetric related criteria in 2 above do not apply to hospitals in which the inpatients are predominantly individuals under 18 years of age, or to hospitals which do not offer non-emergency obstetric services as of December 21, 1987.
5. In order to designate a hospital as a disproportionate share hospital in a payment year the Medicare as filed cost report for the same period will be used to calculate 2 and charges for that period will be used to compute 1 (a) and 1 (b) above. If at time of final audit the as filed cost report proves to be inaccurate to the degree that a hospital's disproportionate share hospital status changes, adjustments will be made at that time.

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Payment Methodologies:

Hospital Inpatient Services

Reimbursement for hospital inpatient services is made at the lower of the Target Amount Computation (TAC), or cost, or charges, as computed in accordance with the Tax Equity And Fiscal Responsibility Act (TEFRA).

Effective 7/1/95, disproportionate share acute care hospitals will receive, the estimated disproportionate share adjustment which shall be limited to the lesser of:

1. The disproportionate hospital payment which shall be composed of the actual cost of services, furnished to Medicaid patients, plus the cost of services, provided to uninsured patients, less the amount of payments made by those patients, or
2. The disproportionate hospital payment due the hospital, as prescribed under the statewide aggregate disproportionate share hospital payment cap established by the Health Care Finance Administration. Total DSH payments shall not exceed the aggregate cap established by the Health Care Finance Administration (HCFA). If the Department, determines that aggregate payments, as calculated under (a) would exceed the cap established by HCFA, payments will be determined as follows:
  - a. For hospitals designated as Institutions for Mental Disease, the cost of services provided to Medicaid patients, less non DHS payments made by the State, plus the costs of services provided to uninsured patients, less any cash payments made by them; or
  - b. For all other disproportionate share acute care services provided, all DSH payments will be proportionately reduced, according to the aggregate amount established by HCFA and determined to be available by the State. The original DSH payment percentage determined for each hospital would be applied to the total aggregate DSH payment amount (cap) available.

Hospitals which are determined to be a disproportionate share hospital at the time of final reconciliation and/or final audit, shall be reimbursed the additional disproportionate share hospital payment that shall be limited to the payments described (1) and (2) above.

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Attachment 4.19 A

The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

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